PREFACE

Microfinance has garnered significant worldwide attention as being a successful tool to meet this substantial demand for financial services by low-income micro entrepreneurs. It has evolved over the past quarter century across India into various operating forms and to a varying degree of success. Today, Self-Help Groups and Micro Finance Institutions are the two dominant form of microfinance in India. Microfinance in India is currently being provided by three sectors: the government, the private sector and charities. These three sectors, as large as they are, have only a small fraction of the capital and geographic scale required to meet the overwhelming need for finance amongst India’s rural poor. The major form of microfinance in India is that based on women’s Self Help Groups (SHGs). The present study focuses on the micro finance through SHGs.

The Self Help Group is considered as a viable organization of the rural poor particularly women, who are the marginalized groups of our society due to the present of socio-economic constraints in the rural areas, for delivering micro credit in order to undertake entrepreneurial activities. Undoubtedly necessary vehicle for the purpose is supplied by institution of women SHGs which help improving economic status of women, protecting their relevance to and significance in the society and above all, effectively implementing the employment support practices of the government for women.

Several factors explain the rapid increase in SHGs program outreach in recent years. However, despite its considerable outreach, the sustainability of SHG banking has not been clear. There are some operational inconsistencies in the functioning of the Self-Help Groups in India. The continuation of such operational inconsistencies in the formation of WSHGs will not only be unable to alleviate poverty from the rural segment of the economy but also prohibit the attainment of women empowerment through SHGs-the latter being the all-cherished objective of the scheme. It should be noted though that the sustainability of SHGs to effect such change is directly linked to their financial sustainability.
It is a point of concern that the success lies in the regularity in the flow of finance on the one hand and availability of ready markets for their products on the other. Proper monitoring and supervision of the income generating activities and utilization of credit is necessary. Further, the success of the scheme lies in the choice of viable income-generating activities by women SHGs. Women SHGs do not find ready takers for their products. Market accessibility is not the only problem. All members in the group may not have entrepreneurial ability and potentially to run income generating activities. Furthermore, an important aspect of successful functioning of SHGs is appropriate maintenance of records, the membership register, cash book, loan ledger, the members pass book, etc. These records ensure proper understanding amongst members about their savings, repayments, dues, etc. Therefore proper management is necessary for the sustainability of these groups.

So many studies have been conducted so far to evaluate the impact of the Self-help Groups on the empowerment of women. Further, there is a need to take a critical look at the general as well as financial management practices of the Self Help Groups besides various income generating activities taken up by them. There are no studies in this context. Thus, there is a gap in the earlier studies in this context. Therefore, the present study is taken up with the objective of filling that gap by assessing the management practices of the Self-Help Groups and management of economic activity by these groups.

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